American Soybean Association

June 13, 2005

The Honorable William Thomas
2208 Rayburn House Office Building
Washington D.C. 20515-0522

Dear Representative Thomas:

I am writing as a soybean farmer to ask you to support the United States-Dominican Republic-Central American Free Trade Agreement (CAFTA-DR). CAFTA-DR includes the U.S. and six Central American countries: Costa Rica, The Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua. The agreement will immediately eliminate tariffs on all soybeans and soybean products with the exception of refined soybean oil, where the tariff will be phased out over 15 years in equal annual cuts.

The U.S. soybean industry is vital to the U.S. economy. Indeed, last year's soybean crop was valued at $18 billion, making it the second largest crop produced in the U.S. In addition, soybeans and soybean products are the leading agricultural export commodity in the U.S., contributing positively to our balance of trade. Thus, it is in our country's best economic interests to maintain and expand international markets for U.S. soybeans and soybean products.

CAFTA-DR countries are already a large and loyal market for U.S. soybean exports. The six CAFTA-DR countries represent a growing region of 45 million people that imported $264 million in U.S. soy product in 2003. This agreement will solidify our position as the preferred supplier of soybeans and soybean products to these Central American nations, and open new opportunities for exports of U.S. livestock products.

CAFTA-DR will help protect this important market for U.S. soybean farmers by reducing existing tariffs. Our competitors are trying to take this "backyard" market away from us. CAFTA-DR will give U.S. soy a tariff preference, helping to ensure that U.S. farmers continue to supply these markets.

CAFTA-DR will protect U.S. jobs by keeping domestic soybean crushing plants operating efficiently, since these countries account for 14 percent of U.S. soybean meal exports. Keeping these plants open also enhances farm income by improving local basis levels.

CAFTA-DR will also benefit U.S. livestock and poultry producers, which, as our largest domestic customer, is important to soybean farmers. The agreement provides the U.S.

with sizeable quotas for exporting pork duty-free. These quotas will increase each year until they are eliminated in year 15. In addition, significant sanitary and technical issues are being resolved. Likewise, tariffs and quotas on imports of U.S. poultry products will be eliminated over the term of the agreement. Tariffs on certain sensitive products will have a 15-year phase-out period with a growing in-tariff quota, while others will be eliminated immediately.

Removing trade barriers between the U.S. and CAFTA-DR countries will preserve and create export opportunities not only for U.S. soybean, pork and poultry producers, but all of U.S. agriculture. Economists have estimated that CAFTA-DR could boost U.S. agricultural exports by $1.5 billion when fully implemented.

Finally, it is important to note that the U.S. market is very open to exports from CAFTA-DR countries, with over 99% of their agricultural exports already entering the U.S. duty free. The CAFTA-DR agreement will level the playing field for U.S. producers and give them the same access to Central American markets that Central American producers already enjoy in the U.S. markets.

CAFTA is clearly in the interests of U.S. farmers. I ask you to stand with soybean farmers and support CAFTA.

Sincerely,

Neal W. Bredehoeft

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President
American Soybean Association